

Engineering GPEX<sup>SM</sup> Technology Scientific and Regulatory Affairs Consulting Health  
Distribution Logistics Services Convertors<sup>®</sup> Infection Control Equipment Management  
Surgical Gloves Medi-Vac<sup>®</sup> Products Leader<sup>®</sup> Drug Stores Respiratory Care Scientific  
Thermal/Prep Products V. Mueller<sup>®</sup> Surgical Instruments Distributor Management  
Products Oral Technologies Encapsulation Technologies Specialty Pharmaceutical Product  
Distributor Management Hospital Physician Products **What Can One Company Do?**  
Unit Pharmacy Management Pharmaceutical Contracting Pharmacy Rxe-Source<sup>SM</sup>  
Stores Pharmaceutical Information Services Surgi-Call<sup>TM</sup> Procedure Products Pyxis  
Quick Dissolve Packaging Services Contract Packaging Printed Components Promotion  
Oral and Biopharmaceutical Development Pyxis Veri5<sup>TM</sup> Mobile Unit Clinical Supply  
Systems/Finish Biosafety and Analytical Services Cell Line Engineering GPEX<sup>SM</sup> Technology  
Contracting Specialty Pharmaceutical Services Sterile Manufacturing Contract Manufacturing  
Nuclear Manufacturing Services Complex Pharmaceutical Services Pyxis<sup>®</sup> Products  
Medicine Shoppe Medical/Surgical Products Medical Products Manufacturing Medical  
Product Management Services Tiburon<sup>®</sup> Surgical Drapes Astound<sup>®</sup> Surgical Gowns Services  
Surgicall Products Snowden-Pencer<sup>TM</sup> Special Procedure Products Surgi-Call<sup>TM</sup> Products and  
Distribution Hospital Physician Products and Distribution Clinical Services and Consulting  
Specialty Pharmaceutical Distribution LogisticSource<sup>SM</sup> Products and Services Medication  
Management SmartSite<sup>®</sup> Products Alaris<sup>®</sup> Medication Safety System SmartSite<sup>®</sup> Safety Disposables  
Medication Management Unit Pharmacy Management Pharmaceutical Contracting Pharmacy  
Stores Pharmaceutical Information Services Pharmaceutical Oral Technologies  
Pyxis<sup>®</sup> Quick Dissolve Packaging Services Contract Packaging Printed Components  
Oral and Nasal, and Biopharmaceutical Development Clinical Supply Systems  
Analytical Services Cell Line Engineering GPEX<sup>SM</sup> Technology Scientific and Regulatory  
Marketing Medical Education Specialty Pharmaceutical Services Sterile Manufacturing  
Unit Pharmacy Services Nuclear Manufacturing Services Complex Pharmaceutical  
Product Management Services Medicine Shoppe Medical/Surgical Products Medical Products  
Product Management Services Surgical Drapes Presource<sup>TM</sup> Products and Services



The world of health care is defined by complexity. Demand for care is accelerating. The patient population is aging and growing. Medical innovation is expanding treatment options. Manufacturers and health care providers are facing pressure to contain costs. These diverse demands require a partner with deep capabilities — products, services and expertise from one company that can accelerate efficiency, productivity and profitability.

Cardinal Health is the one.

## To our employees, customers and shareholders:

“What can one company do?” is the fitting title for the Cardinal Health Fiscal 2004 annual report because it addresses the many ways we are working together with customers to make health care better. That is our mission. We act in partnership with our customers who ultimately deliver health care to patients. We do it by delivering market-leading products and services, or by combining these capabilities to create unique solutions for customers. It is Cardinal Health’s singular focus on improving health care, the dedication of our more than 55,000 associates worldwide, and the breadth and depth of resources that position us as one company able to deliver on our commitment of “Working together. For life.”

In fiscal 2004, we made considerable progress by improving current operations, innovating new product offerings, adding new capabilities and deploying our growing resources to new markets. At the same time, we embarked on a transition in the pharmaceutical distribution business model that will continue through fiscal 2005. While this transition contributed to lower-than-anticipated earnings growth, it has not slowed the progress we continue to make for the long term, nor did it stop us from delivering solid operating performance during the year.

In recently filing our Form 10-K for fiscal 2004, we also announced certain findings from an internal review by the Audit Committee of our board, which began in April with the assistance of independent counsel. The Form 10-K includes information about revenue reclassification and the treatment of cash discounts within the company’s Pharmaceutical Distribution and Provider Services segment, timing of revenue

recognition within the Automation and Information Services segment and earnings restatements from certain balance sheet reserve and accrual adjustments. To strengthen our reporting and disclosure practices for the future, we are in the process of implementing a variety of measures, including the creation of an Office of the Chief Compliance Officer to help ensure the company is following best practices with regard to regulatory and compliance matters and making improvements in disclosure processes, financial controls and procedures.

From a financial perspective, revenue grew to \$65 billion, up 15 percent, and in line with our long-term growth goal of low-to-mid teens. With these results, Cardinal Health now ranks as the 17th largest U.S. corporation based on *Fortune* magazine’s annual listing. Earnings from continuing operations increased 10 percent to 1.5 billion, or \$1.6 billion excluding special items. Diluted earnings per share from continuing operations increased 14 percent from last year to \$3.47, or \$3.55 before special items. Our earnings per share results reflected a drop off in earnings growth in the second half of the year, driven primarily by challenges in pharmaceutical distribution and in the start up and associated costs of new sterile manufacturing projects.\*

Our return on equity was strong at 20.7 percent before special items, meeting our long-term target. And finally, operating cash flow was \$2.6 billion, with free cash flow reaching \$2.2 billion – substantially exceeding our goal of 60 percent of net earnings. We ended the year in a strong financial position with nearly \$8 billion of equity and a net debt-to-total-capital ratio of 25 percent.\*

The company's ability to generate cash and deploy capital continues to be a significant differentiator in the market and will benefit customers and shareholders well into the future.

During the year, we deployed a total of \$4.5 billion in cash by investing in current operations, funding strategic acquisitions and repurchasing 24.2 million shares of Cardinal Health stock. The company's ability to generate cash and deploy capital continues to be a significant differentiator in the market and will benefit customers and shareholders well into the future.

#### **Transition in Pharmaceutical Distribution**

Cardinal Health is undergoing a major change in its pharmaceutical distribution business model, primarily related to how we acquire inventory and receive compensation for the distribution services we provide manufacturers. In the past, a significant portion of our compensation for distributing products resulted from buying excess inventory from manufacturers to earn higher gross margins as prices rose. This "buy and hold" model has become inherently inefficient for both the distributor and manufacturer and, therefore, requires we transition to a more efficient model, based on lower inventory levels and fee-based compensation for distribution services.

To facilitate this needed transition, we are engaging in ongoing discussions with manufacturers about the unique economics to distribute their individual product lines. On Aug. 27, we established a new policy to transition our distribution agreements to a fee-based model with fees unique to each manufacturer. These agreements call for stable and predictable compensation, not contingent on inflation and intended to fully replace compensation from the buy-and-hold model. We fully expect to transition all agreements. However, in situations

where we are unable to reach mutually acceptable terms, we have notified manufacturers that Cardinal Health will assist them in transitioning to another method of distribution.

In the near term, we expect some variability in the performance of this business, but over the long term we believe its future is secure. We provide an indispensable service to our manufacturer and health care provider customers, and expect to continue to do so for many years.

#### **Strategic and Operational Highlights**

Long-term, Cardinal Health's future lies in the strength and consistency of our strategy:

- We focus exclusively on health care, one of the world's largest and fastest-growing industries.
- Within health care, we strive to drive competitive advantage by achieving scale and market-leading positions within each of our product or service offerings.
- We deepen customer relationships by expanding the breadth of our offerings and delivering integrated solutions. As we expand, we gain opportunities to bring together market-leading products and services to deliver considerably more value to customers.

In fiscal 2004, we made significant progress against this strategy by investing in our businesses, aligning our diverse resources across Cardinal Health to better address key markets and acquiring strategic companies that extend our capabilities.

The future of Cardinal Health remains very bright. We are well positioned with market-leading products and services in our core markets. We have the resources, capabilities and expertise to deliver superior value for our customers.

We took necessary steps to better position Cardinal Health to be a healthy, growing \$100 billion company in the future by defining five core operating strategies that guide our execution:

- Strengthen our presence in the hospital market
- Pursue growth opportunities outside the U.S.
- Create a leadership position at the patient point of care
- Build future advantage in pharmaceutical distribution
- Participate in the highest value opportunities in the biotech and generic drug markets

Actions taken to support these strategies already serve the company and our customers well. For example, we experienced a revenue increase of more than 20 percent from corporate agreements with health systems, a direct result of our efforts to bring products and services together for hospital customers. These agreements, totaling more than \$7 billion in annual sales, represent strategic customer relationships that involve multiple Cardinal Health lines of business. This integrated approach provides value to customers above and beyond what can be achieved by any single business unit.

Moving forward, we're putting a great deal more focus on this kind of integration. Our objective is to align our resources internally so hospitals and other providers of care can easily benefit from the broad capabilities we offer. From manufacturing to distribution, consulting to advanced clinical automation, we are integrating industry-leading offerings in ways no single competitor can to help customers make measurable improvements in their clinical and economic performance. This is the essence of our integrated provider solutions strategy.

We also completed the \$2.1 billion strategic acquisition of Alaris Medical Systems, a global leader in intravenous (IV) medication safety products and services. This acquisition addresses three of our core strategies by extending Cardinal Health's product portfolio in the hospital market, increasing our presence in strategic markets outside the U.S. and strengthening our leadership at the patient point of care. Alaris develops and manufactures systems for the safe delivery of IV medications, including comprehensive safety software, services and the disposable products necessary for use in those systems. Nearly two-thirds of Alaris' revenues are generated by the sale of proprietary disposable supplies. It employs nearly 3,000 people worldwide.

Synergies from the acquisition should reach \$100 million of earnings on a pretax basis by the end of fiscal 2007. Alaris' products for intravenous medication and infusion therapy complement Cardinal Health's Pyxis® medication safety offerings at the patient's bedside. We are exceeding our own aggressive timelines to integrate Alaris with Cardinal Health and, as a result, we united Alaris, Pyxis and our Clinical Services and Consulting groups in a new Clinical Technologies and Services organization. Combined, this Cardinal Health offering has the capability to dispense a comprehensive array of medication dosage forms delivered at a patient's bedside and provide valuable information to improve the efficiency and patient safety within the hospital.

During the fiscal year, we also acquired The Intercare Group plc, a European service provider for pharmaceutical and biotech companies. This \$570 million acquisition expands Cardinal

Health's sterile-manufacturing capacity and enables the company to better serve global customers. Intercare is a leader in the manufacturing of prefilled syringes for European customers. But it also complements Cardinal Health's pharmaceutical technologies and services with proprietary pharmaceutical development and manufacturing expertise in oral hormones and other potent dosage forms, specialty generic drugs and generic injectable products. With biotech drugs growing 20 percent annually, sterile manufacturing will continue to be one of the fastest-growing segments of health care.

Both Alaris and Intercare will help us address a larger portion of the \$4 trillion global health care market through strong customer relationships and experienced associates to help grow our business. We recognize the potential for our products outside the U.S. and, therefore are launching an integrated European sales, service and marketing organization to accelerate this growth. To help improve our efficiency, we launched a Singapore-based business development group that concentrates on sourcing initiatives for products and explores broader opportunities in Asia, a vast market that Cardinal Health has yet to address fully.

The progress we made to improve our position in the hospital market, in sterile manufacturing and with global expansion, combined with steps to strengthen our business model in pharmaceutical distribution, will fuel growth over the long term.

### **SEC Investigation**

We announced in October 2003 that the Securities and Exchange Commission and, subsequently in May 2004, the U.S. Attorney's Office for the Southern District of New York had each initiated inquiries into certain financial-reporting practices of Cardinal Health. These inquiries, as well as the Audit Committee's internal review, are ongoing and the SEC has converted its inquiry into a formal investigation. We will continue to respond to these inquiries by providing all required information.

### **Focus on the Future**

We believe the future of Cardinal Health remains very bright. We are well positioned with market-leading products and services in our core markets. We have the resources, capabilities and expertise to deliver superior value for our customers. We see considerable opportunities for growth in the large, growing and global health care industry. And, we are focused on superior execution for the future.

Fiscal 2005 will be a year of transition as we work with manufacturers to implement our policy for fee-based pharmaceutical distribution contracts. In sterile manufacturing, we continue to ramp up production for products already approved in the market with the expectation that they will contribute to earnings growth in the second half of the fiscal year. And, we are transitioning our organization. Recently, we assigned direct responsibility to key leaders for each of our five core operating strategies to ensure we drive execution that is consistent with



Robert D. Walter  
Chairman and  
Chief Executive Officer

George L. Fotiades  
President and  
Chief Operating Officer

our historic standards. As we manage these transitions, earnings per share growth in fiscal 2005 is expected to be below our long-term guidance.

Though our stock price has declined, one of our goals is certainly to create long-term value for our shareholders, and we firmly believe that consistent, outstanding performance is the best way to create that value. That formula has rewarded Cardinal Health shareholders in the past and we remain committed to such performance in the future.

Therefore, despite short-term challenges, our performance goals over the long-term remain unchanged, including:

- Annual earnings-per-share growth of mid-teens or better
- Revenue growth of low-to-mid-teens, faster than growth in the markets in which we compete
- Free cash flow equal to 60 percent of net earnings
- Return on equity of more than 20 percent annually

As this year's annual report documents, one company – our company – clearly can accomplish a great deal. We push ourselves every day to innovate on behalf of our customers to help them address some of the most complex issues in health care.

As you will see in the pages that follow, through our products, services, employee expertise and the way we connect our broad capabilities, we create value for health care providers and pharmaceutical manufacturers worldwide. By adding value for them, we also add value for our employees and shareholders.

We are very confident in our future. We have a world-class management team, associates motivated to deliver for our customers every day, and a resolve to continue to innovate and lead within the health care industry.

Thank you for your ongoing support.

Sincerely,

**Robert D. Walter**  
Chairman and  
Chief Executive Officer

**George L. Fotiades**  
President and  
Chief Operating Officer

\*As referenced in the stakeholder letter, earnings from continuing operations before cumulative effect of change in accounting, diluted earnings per Common Share from continuing operations before cumulative effect of change in accounting and return on equity exclude special items. Reference page 37 of this report for a reconciliation of Non-GAAP measurements to GAAP equivalents and for definition of other financial measures such as free cash flow and net debt to total capital.

At Cardinal Health, we are an essential connection between the promise of medicine and the practice of medicine. Throughout the chain of care, we see opportunity in our expertise, broad capabilities and connectivity. Our strategies are simple: focus on health care, build scale and market-leading positions, expand the breadth of our offerings, and create unique solutions for customers. Through these strategies, we can achieve unmatched results for customers, employees and shareholders.





Many relationships...



# One partner.

Cardinal Health's customer relationships span the entire chain of care, from scientists and manufacturers, to physicians and nurses, purchasing agents and pharmacists, administrators and caregivers of just about every description. But it is our ability to truly partner with our customers to help them accomplish their goals that delivers the greatest value—to them, and ultimately our shareholders.

“The advantage of working with Cardinal Health is that we are finding the best way possible to not only reduce our costs but also improve the care we provide. Our partnership with Cardinal Health is the perfect example of the direction health care needs to go.”

Glenn Fosdick, Chief Executive Officer,  
The Nebraska Medical Center  
Omaha, Nebraska

At Cardinal Health, we define our success by the success of our customers. And with customers serving health care needs from discovery to recovery, that means we define success in many different ways. We believe our ability to create a true partnership requires we continuously create integrated and innovative solutions that focus on what matters most to customers.

The Nebraska Medical Center is a great example of this type of partnership—and the value that can grow from it. Cardinal Health began its relationship with the medical center in 1994 when we deployed Pyxis MedStation® systems to dispense medications and improve patient safety at nurses’ stations. By 2002, the 735-bed hospital had outsourced its materials management function to us. And in May 2004, The Nebraska Medical Center chose Cardinal Health as its exclusive provider for pharmaceuticals. Today, we manage the movement of supplies and drugs across the entire medical center with a system that makes it one of the most efficient hospitals in the country. The results: more than 99 percent supply availability at the patient bedside on a daily basis and first-year savings of \$1.2 million from less inventory shrinkage, better product mix and more efficient usage.

Working further upstream in the chain of care, Cardinal Health is helping pharmaceutical manufacturers, biotechnology firms and academic organizations develop new patient therapies.

For example, the Ludwig Institute of Cancer Research (LICR), a global organization dedicated to understanding and controlling cancer, approached Cardinal Health this year with a project that holds promising applications for the treatment of epithelial tumors. The process LICR had to produce a monoclonal antibody was not sufficient to meet the demand for upcoming clinical trials. Our team studied the antibody, then constructed and applied Cardinal Health’s proprietary Gene Product Expression, or GPEx™, mammalian cell line engineering technology to provide a cell line that significantly increased production. In just a few short months, LICR was able to rapidly produce the antibody and is now in a position to continue the clinical development of this product. And Cardinal Health, a leader in sterile manufacturing, was selected to produce the antibody for clinical trials.

Whether anticipating the manufacturing needs of a biotech firm, consulting with a large pharmaceutical company about tamper-resistant packaging, distributing millions of pharmaceuticals to hospitals and retail pharmacies, or reliably supplying thousands of medical and surgical products to a major health system, the people of Cardinal Health have unwavering dedication to our partners.

# Hospitals, Eager to Build, May Find Funds Scarcer

By REED ABELSON

"I think what sits out there is a pent-up demand for capital," said Robert Lux, chief financial officer of the Temple University

The expected rise in interest rates will make borrowing much more expensive, because hospitals, typically run as nonprofit

## THE PERFECT MIX



### FOR YOUR

Patent expiration pressures, and a bill have changed for Big Pharma opportunity for found five drugs

THE IRISH TIMES

# Shortage of nurses set to exceed 2,000

## Health care trail is costly

Tech conversion may

By Julie Sch USA TODAY

Technology in ind But health business are more, still l Visits to forms for t results from That often l poor care. Based on



新 聞 提 要  
迎接連  
林中延  
加班費  
美國成

二〇〇四年

...ts, medical institutions or charities - they have yielded very different results. It is not a matter of dishonesty but rather of cleverness. Researching and developing

ies of the drugs reached unfavourable conclusions about them compared with 5 per cent of those funded by pharmaceutical companies. Anti-arrhythmic drugs for

interests, more drug trials must be run by independent research organisations with state or charitable funding. It is the only way to ensure the drugs we take are safe.

## Nurses: 'Targets caused

**NURSE shortages are crippling the implementation**

resistant to Nursing reports th

LE MONDE/MARDI 29 JUIN 2004/17

ies to

Many markets...



## N'abandonnons pas la bataille du médicament

**L**E débat sur l'avenir de l'assurance-maladie occupe le devant de l'actualité. Il semble nécessaire que nos industriels du médicament, participions activement à cette réflexion. Acteurs de la recherche thérapeutique, de la mise en œuvre de la qualité des soins, du développement des connaissances scientifiques de leur diffusion, les laboratoires pharmaceutiques sont créateurs d'une authentique valeur ajoutée économique et sociale. L'industrie du médicament est pourtant souvent vécue comme profiteuse de la prise en charge de la maladie par la solidarité collective.

Alors que l'avancement des connaissances scientifiques est chaque jour célébré, une vérité s'impose : dans la hiérarchie des attentes

diversité de l'offre médicamenteuse. Les éventuels projets de déremboursement de médicaments à valeur thérapeutique éprouvée sont dange-

the past  
il cases in  
with  
But  
votes  
chair of  
ol Nurses  
ing that  
lent  
spitals to  
guidelines'  
ate  
A, to  
tic-

prevent cr  
says that  
infection-c  
have claim  
Gouverne  
targets in  
emergenc  
high bed-o  
mean that  
for hospita  
beds betw  
Gillian  
control nu  
Hospitals'

## Drug companies fight again

A new entrant is set to increase competition in a fast-growing and prestigious area of the market. Christopher Bowe reports

The battle over the lucrative future health problems. "As low as you can go" has become doctors' recommen-

...串大事紐約如臨大敵(話題)  
...:大陸2012前不攻台(話題)  
...新規定生效·抗爭未息(美聞)  
...年人三分之一高血壓(美聞)

# 世界日報

中華民國九十三年八月二十四日 星期二

WORLD JOURNAL

...年癩... 汙香日甘

# One focus.

The need to continuously improve the access, quality, efficiency and effectiveness of health care knows no geographic boundaries. With operations in 29 countries and more than one-third of our employees outside the United States, Cardinal Health has a singular focus—improving health care—and is building a powerful platform to help meet these needs in markets around the world.

“The global outsourcing capabilities of Cardinal Health—covering pharmaceutical development, manufacturing and packaging services—extend the possibilities for our partnership.”

Gabriella Soderling, Manager Strategic Purchasing,  
Technical Operations and Logistics,  
Ferring Pharmaceuticals  
Copenhagen, Denmark

Health care costs are rising. Drug companies are under pressure to deliver new therapies faster and at lower costs. Health systems are faced with daily staffing shortages. Worldwide, languages and regulatory environments differ, yet the issues facing health care providers and manufacturers are remarkably similar.

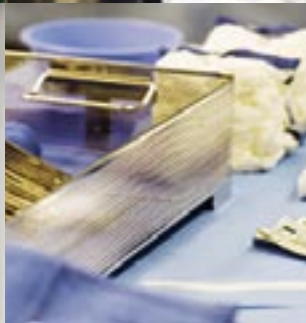
Cardinal Health’s insight across the entire chain of care gives us a unique perspective for responding and delivering solutions to these issues around the world. Through strategic acquisitions and greater focus within existing businesses, we’ve taken major strides to broaden our business globally, and are building new capabilities and expertise to help improve the delivery of care worldwide.

In Europe, we have expanded our offerings for both pharmaceutical manufacturers and health care providers, and are aligning our service and support infrastructure to better serve each. For example, our recent acquisition of The Intercare Group, plc, expands the company’s sterile manufacturing capacity so pharmaceutical manufacturers and biotech firms have global options for product development, manufacturing, packaging and distribution. New state-of-the-art sterile manufacturing capacity planned for Brussels, Belgium, will augment existing Cardinal Health pharmaceutical manufacturing facilities worldwide, including Argentina, Australia, Brazil, France, Japan, Puerto Rico, the United Kingdom and the United States.

We also made a \$2.1 billion acquisition of Alaris Medical Systems to broaden our offerings for hospitals and bolster Cardinal Health’s presence in Western Europe, the world’s second-largest health care market. Like Cardinal Health’s Pyxis medication and supply automation systems, Alaris is a leader in advancing medication safety. Its intravenous medication delivery and infusion therapy devices help reduce the risks and costs of medication errors, safeguarding patients and clinicians. The combination of Alaris, Pyxis and Cardinal Health clinical and consulting services opens significant potential for greater innovation at the patient point of care.

In the past year in Asia, Cardinal Health launched a business development group based in Singapore and entered into a new agreement with local business partners to bring our Medicine Shoppe retail pharmacy franchise to Japanese consumers. Medicine Shoppe’s presence in Japan will build on its existing 1,300 Medicine Shoppe and Medicap franchise locations in the United States, Canada, Europe and China.

Worldwide the health care industry is estimated to be over \$4 trillion. With fiscal 2004 international revenues of nearly \$1.4 billion and 40 facilities across the United Kingdom, Western and Northern Europe and the Pacific Rim, we have just begun to tap its enormous potential.





Many products...



# One resource.

Cardinal Health offers the broadest portfolio of health care products and services in the world. By integrating these offerings with the knowledge and insight that comes from our extensive participation in health care, we are an essential resource our customers can call upon for innovative solutions to help meet their most pressing needs.

"For us, Cardinal Health is more than just a supplier of products. By using its various programs, including Rx Advantage<sup>SM</sup>, First Script<sup>SM</sup>, ProfitPak<sup>®</sup>, Diabetes Place<sup>SM</sup> and Cardinal Inventory Manager, we have been able to increase our sales while maximizing our profitability. Cardinal Health has helped us manage our business more efficiently in these challenging times for retail pharmacy."

Frank Santalucia, R. Ph.,  
Vice President of Pharmacy  
Weis Markets  
Sunbury, Pennsylvania

Every day, Cardinal Health develops, manufactures or packages 500 million doses of medicine, offers more than 300,000 medical products, distributes more than 2 million pharmaceuticals and fills nearly 30,000 prescriptions for nuclear drugs.

But numbers alone don't tell the whole story. Cardinal Health is an important resource for health care professionals because of our ability to complement our suite of products and services with the tools, expertise and insight that enable our partners to make health care better. Simply put, this combination is the difference between delivering a product and delivering an innovative solution.

Innovative solutions from Cardinal Health include proprietary medication packaging, such as Cardinal Health Pill Calendar<sup>™</sup>, which in early study results has been found to increase patient compliance and refill rates. Other examples include infection prevention and bacterial control fabrics and garments, such as Secure-Gard<sup>™</sup> surgical masks; automated clinical systems, like Pyxis MedStation, which help manage administration of medication; and Alaris<sup>®</sup> Medication Safety System with Guardrails<sup>®</sup> safety software, which integrates intravenous drug infusion, patient monitoring and clinical best practices on a single platform.

We also offer custom solutions like ValueLink<sup>®</sup> "stockless" inventory-management services, which help hospitals eliminate the large

cost of storing, maintaining and distributing supplies. Under the ValueLink program, Cardinal Health delivers ready-to-use quantities of supplies, as needed, direct to patient floors.

Our patented Zydis<sup>®</sup> quick-dissolve formulation helps ensure medicine may be easily taken by patients. Our proprietary blow/fill/seal manufacturing processes require no human contact with medicines, mitigating the risk of contamination. Both help to improve medication safety.

And, our solutions include innovative services, such as Rxe-Source<sup>SM</sup>, which helps improve patient safety at the point of prescription. Cardinal Health pharmacists are on duty around the clock to review medication orders and to help ensure a patient's medications don't negatively interact with each other.

Cardinal Health's broad range of products and services, combined with our extensive health care expertise, allows us to think beyond conventional boundaries. Our goal is to deliver solutions that truly make a difference for our customers. This is how we best serve as a valuable resource.

alHealth



oineau  
c, Second Shift Orderfill  
Products, Distribution



Carlos Martinez  
Training Specialist  
Clinical Services and Consulting



Carolyn McMahon  
Director, Research and Development  
Respiratory Products and Services



alHealth



arns  
Marketing Communications  
Products



Ed Seaberg  
Director, IT Service Delivery  
Enterprise Information Technology



Keith Harris  
Regional Director, Human Resources  
Pharmaceutical Distribution



alHealth



Ozawa  
Products



Pam Pistole  
Customer Service Lead  
Pharmaceutical Distribution



Miles Hider  
Production Operator  
Oral Technologies



alHealth



Goebel  
Leadership Development  
Medical Distribution



Steve Roper  
Transportation Supervisor  
Medical Products, Distribution



JingJing Luo  
SQA Programmer/Analyst  
Pyxis® Products





Many talents...

**Chan Chrea**  
*Manufacturing Operative*  
*Alaris® Products*



**Mirta R. Vargas**  
*Staff Pharmacist*  
*Nuclear Pharmacy Services*



**Dennis Midkiff**  
*Systems Engineer*  
*Alaris® Products*



**Helen Tu Joe**  
*Contract Administration Manager*  
*Clinical Services and Consulting*



**Akiyoshi Nikuyama**  
*Assistant Section Chief*  
*Oral Technologies*



**June Gomez**  
*Manager, Environmental Health and Safety*  
*Medical Products, Manufacturing*



**Shweta Puri**  
*Software Engineer*  
*Pyxis® Products*



**Rob Hunt**  
*Night Operations Supervisor*  
*Pharmaceutical Distribution*



**Bruce McWhinney**  
*Senior Vice President*  
*Corporate Clinical Affairs*



**Elizabeth Muñoz**  
*Labor Relations Clerk*  
*Medical Products, Manufacturing*



**Michael McMahon**  
*Director of Operations*  
*Medical Products, Manufacturing*



**Sharon Sharpe**  
*Project Manager*  
*Respiratory Products and Services*

# One team.

It's a given in business that people are a company's most valuable asset. At Cardinal Health, our people are something even more fundamental. By focusing their unparalleled expertise on the needs of health care professionals across the entire chain of care, the more than 55,000 people of Cardinal Health are the essential link between the many capabilities we offer, the solutions we deliver and the value we create.

“The Cardinal Health team provides our hospitals with an outstanding resource for clinical expertise, medication safety programs, optimizing automation and inventory management. As a result, we are able to realize greater efficiencies in operations and an even higher quality of service.”

Sandra McRee,  
President and Chief Operating Officer,  
IASIS Healthcare  
Franklin, Tennessee

You can define Cardinal Health people in many ways. As logistics experts, research scientists, manufacturing managers, distribution specialists, information technologists, nuclear pharmacists or by hundreds of other descriptions, depending on our customers and their needs. The diverse talent of our employees is the driving force behind Cardinal Health—and represents an ongoing source of new efficiency and effectiveness in health care for our customers worldwide.

More than ever, our success is driven by the expertise of our people. What we learn in the marketplace, understand about the field of medicine and solve by working closely with our customers fuels our ongoing ability to help improve health care and to distinguish ourselves among our competitors.

This insight leads to solutions like the Esteem® surgical gloves we launched this year to soothe and protect the hands of health care providers or the advancements we made in logistics to reduce deliveries and consolidate shipments across multiple business units—making it easier for customers to process orders and less expensive for everyone involved. It’s reflected in the unique ability of our nuclear pharmacy services team to also ship blood products directly to hospitals, dramatically reducing our customers’ investment and inventory losses, while helping improve the delivery of care to patients.

We apply our expertise where our customers need it most. More than 5,000 pharmacists, on a daily basis, consult with health system customers, manage hospital pharmacies across the United States and help consumers understand and safely administer their doctors’ prescriptions; 1,000 scientists working with drug and biotech firms to develop new therapies; nearly 1,100 clinical professionals, including physicians and nurses with experience in the daily challenges faced by health care professionals; more than 25,000 employees who make high quality market-leading products; and more than 7,000 employees dedicated to delivering products on time and without fail to customers worldwide every day.

All of our achievements in 2004 were made possible by these teams and their restless desire to create greater value for our company, customers and shareholders. Our knowledge—and how we share it across the business, with each other and with our customers—is essential to our ongoing success. It defines us today. And it has the power to open new opportunities for us as a company and as a health care partner.



Many capabilities...



# One company.

Over more than three decades, Cardinal Health has assembled the broadest portfolio and deepest expertise to support health care—a single company, with capabilities that help address customer needs across the entire chain of care. The diversity of these businesses and the earnings they generate are key advantages for Cardinal Health. But it's the connections between these capabilities—integration along with innovation—that will determine our full potential as one company.

“We need realistic, strategically sound solutions that ensure the safety of our patients and staff. We must also maintain a healthy balance between safety and cost. Cardinal Health has the breadth and experience to support our aggressive goals.”

Brian Alsford, Chief Resource Officer,  
New York-Presbyterian Hospital  
New York, New York

In one company, Cardinal Health has brought together unparalleled resources that help improve the development and delivery of health care thousands of times a day. But the real opportunity is ahead of us—in how we align and integrate the collective power of our broad suite of products and services, our resources, expertise and proprietary offerings. The connections within Cardinal Health—seeing them, making them and capitalizing on them—is what will allow us to deliver our greatest value as an organization, as a partner and as an investment.

In fact, we’ve already begun.

Increasingly, the capabilities of Cardinal Health help customers manage the many facets of their complex businesses. From molecule to market, and directly to patients, Cardinal Health is there. We help formulate pharmaceutical products, manufacture them in every major dosage form, package them and bring them to market via our nationwide pharmaceutical distribution network. We even help safely administer them through the hospital pharmacies we manage and the automation systems we develop.

And, increasingly, our return on integration is tangible. For example, while Cardinal Health medical products are attractive in their own right, like each of our offerings, they also benefit from an integrated selling approach. Through the integration of offerings in medical products and automation systems, we are demonstrating real labor savings for hospitals, driving meaningful business wins in each segment. In 2004, revenues from integrated sales of products and services for the health care provider market at Cardinal Health grew by more than 20 percent.

We see opportunity throughout the chain of care that exists today, and further opportunity as the boundaries of medicine broaden. Through our in depth working relationships, diverse offerings and integrated approach, Cardinal Health has more to offer our customers and their patients than any other single organization.

The story of Cardinal Health is decades old. But in many ways, our story is also just beginning. We are one company, united in one purpose.

What can one company do? Together, we are making health care better.

# Cardinal Health's Global Reach

From our unique vantage point, Cardinal Health brings unparalleled resources to the needs of our customers.

## Cardinal Health Solutions for Pharmaceutical Manufacturers and Biotech Firms

- Drug discovery support
- Drug development
- Analytical services
- Clinical trial manufacturing/ packaging
- Drug delivery technologies
- Dosage form manufacturing
- Package design and label printing
- Unit dose to bulk packaging
- Product launch and logistics services
- Contract sales services
- Medical education and marketing

## Cardinal Health Solutions for Health Care Providers

- Nuclear pharmacy services
- Medical products manufacturing
- Laboratory products distribution
- Medical products distribution
- Hospital supply distribution
- Repackaging
- Oncology products distribution
- Hospital pharmacy consulting
- Hospital pharmacy management
- Medication automation
- Automated supply dispensing
- Pharmaceutical distribution
- Clinical information management
- Pharmacy resources

In the United States, Cardinal Health products and services are used in:

50%  
of all surgeries

90%  
of all hospitals

33%  
of all prescriptions filled

Every day, Cardinal Health...

Develops, manufactures and packages more than  
**500 million**  
doses of pharmaceuticals  
(6,000 per second)

Manufactures more than  
**4 million**  
medical/surgical products, including surgical instruments, respiratory products, suction tubing, surgical drapes, gowns and gloves, in 31 facilities worldwide

Dispenses more than 4 million hospital medications via automated systems

Picks and delivers more than 2 million pharmaceutical products for 35,000 customers nationwide

Makes more than  
**50,000**  
customer site deliveries

Cardinal Health has more than 55,000 employees in 29 countries on 6 continents.

North America



South America



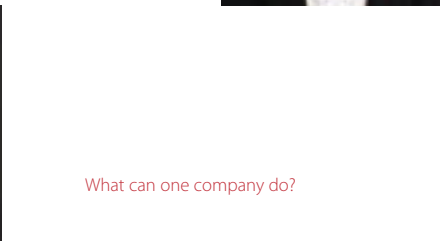
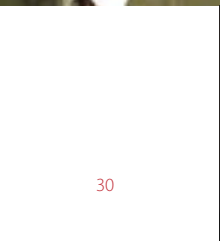
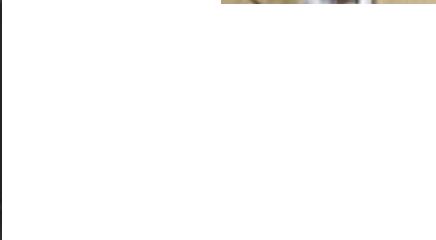
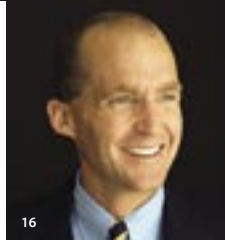
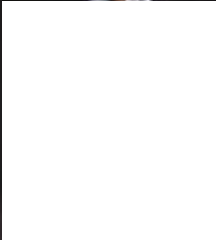
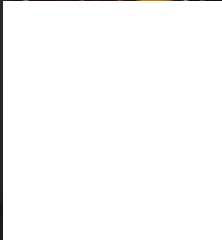
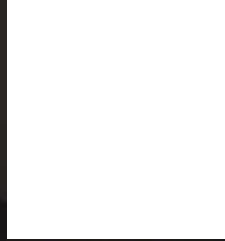
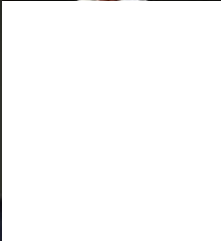
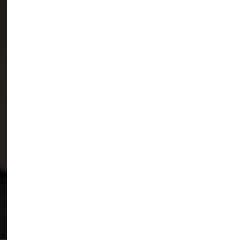
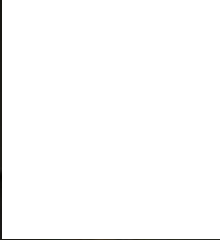
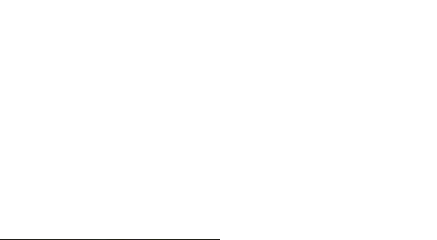
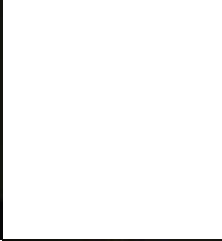
Europe and Africa



Asia and Australia



■ Cardinal Health locations



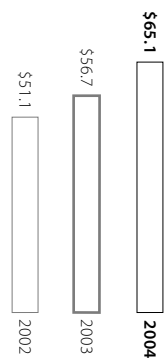
## Board of Directors

- |                                                                                                                           |                                                                                                                   |                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| 1. Dave Bing<br>Chairman and<br>Chief Executive Officer,<br>The Bing Group, LLC                                           | 5. John F. Havens<br>Director Emeritus and<br>Retired Chairman,<br>Bank One Corporation                           | 9. Michael D. O'Halleran<br>President and<br>Chief Operating Officer,<br>Aon Corporation |
| 2. George H. Conrades<br>Chairman and<br>Chief Executive Officer,<br>Akamai Technologies, Inc.                            | 6. J. Michael Losh*<br>Chief Financial Officer,<br>Cardinal Health                                                | 10. David W. Raisbeck<br>Vice Chairman,<br>Cargill, Inc.                                 |
| 3. John F. Finn<br>Chairman and<br>Chief Executive Officer,<br>Gardner, Inc.                                              | 7. John B. McCoy<br>Retired Chairman<br>and Chief Executive Officer,<br>Bank One Corporation                      | 11. Jean G. Spaulding, M.D.<br>Trustee,<br>The Duke Endowment                            |
| 4. Robert L. Gerbig<br>Retired Chairman and<br>Chief Executive Officer,<br>Gerbig, Snell/Weisheimer<br>& Associates, Inc. | 8. Richard C. Notebaert<br>Chairman and<br>Chief Executive Officer,<br>Qwest Communications<br>International Inc. | 12. Matthew D. Walter<br>Chief Executive Officer,<br>BoundTree Medical<br>Products, Inc. |
|                                                                                                                           |                                                                                                                   | 13. Robert D. Walter*<br>Chairman and<br>Chief Executive Officer,<br>Cardinal Health     |

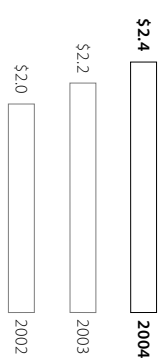
## Executive Committee

- |                                                                                        |                                                                                                                                     |                                                                                                                 |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| 14. Jody R. Davids<br>Executive Vice President and<br>Chief Information Officer        | 18. Ronald K. Labrum<br>Chairman and<br>Chief Executive Officer,<br>Integrated Provider Solutions,<br>Cardinal Health International | 22. David L. Schlotterbeck<br>Chairman and<br>Chief Executive Officer,<br>Clinical Technologies<br>and Services |
| 15. Gary D. Dolch<br>Executive Vice President,<br>Quality and Regulatory Affairs       | 19. John F. Parker<br>President,<br>Cardinal Health, Europe                                                                         | 23. Carole S. Watkins<br>Executive Vice President,<br>Human Resources                                           |
| 16. Brendan A. Ford<br>Executive Vice President,<br>Corporate Development              | 20. Mark W. Parrish<br>Chairman and<br>Chief Executive Officer,<br>Pharmaceutical Distribution<br>and Provider Services             | 24. Paul S. Williams<br>Executive Vice President,<br>Chief Legal Officer and<br>Secretary                       |
| 17. George L. Fotiades<br>President and<br>Chief Operating Officer,<br>Cardinal Health | 21. Anthony J. Rucci<br>President,<br>Strategic Corporate Resources                                                                 | 25. Dwight Winstead<br>President and<br>Chief Operating Officer,<br>Clinical Technologies<br>and Services       |

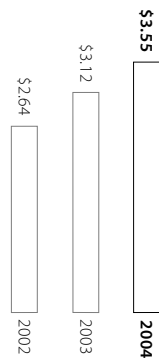
# Financial Highlights



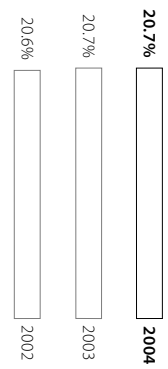
Revenue  
(billions)



Operating Earnings\*  
(billions)



Diluted Earnings per  
Common Share\*  
(billions)



Return on Equity\*

\*As depicted in the above graphs, operating earnings, diluted earnings per Common Share from continuing operations before cumulative effect of change in accounting and return on equity exclude special items. See GAAP to Non-GAAP reconciliation on page 37.

# Consolidated Statements of Earnings

<i>(in millions, except per Common Share amounts)</i>	Fiscal year ended June 30,		
	2004	2003 Restated	2002 Restated
Revenue	<b>\$65,053.5</b>	\$56,731.5	\$51,144.6
Cost of products sold	<b>60,312.3</b>	52,249.3	47,099.6
Gross margin	<b>4,741.2</b>	4,482.2	4,045.0
Selling, general and administrative expenses	<b>2,346.5</b>	2,246.3	2,071.0
Special items - merger charges	<b>44.7</b>	74.4	131.9
- foundation contribution	<b>31.7</b>	-	-
- other	<b>(19.0)</b>	(34.5)	(15.3)
Operating earnings	<b>2,337.3</b>	2,196.0	1,857.4
Interest expense and other	<b>98.9</b>	115.3	132.5
Earnings before income taxes, discontinued operations, and cumulative effect of changes in accounting	<b>2,238.4</b>	2,080.7	1,724.9
Provision for income taxes	<b>713.7</b>	699.5	584.1
Earnings from continuing operations before cumulative effect of changes in accounting	<b>1,524.7</b>	1,381.2	1,140.8
Loss from discontinued operations (net of tax of \$7.4 and \$2.5 for the year-to-date periods ending June 30, 2004 and 2003, respectively)	<b>(11.7)</b>	(6.1)	-
Cumulative effect of changes in accounting	<b>(38.5)</b>	-	(70.1)
Net earnings	<b>\$ 1,474.5</b>	\$ 1,375.1	\$ 1,070.7
Basic earnings per Common Share:			
Continuing operations	<b>\$ 3.51</b>	\$ 3.10	\$ 2.53
Discontinued operations	<b>(0.03)</b>	(0.02)	-
Cumulative effect of changes in accounting	<b>(0.09)</b>	-	(0.16)
Net basic earnings per Common Share	<b>\$ 3.39</b>	\$ 3.08	\$ 2.37
Diluted earnings per Common Share:			
Continuing operations	<b>\$ 3.47</b>	\$ 3.05	\$ 2.48
Discontinued operations	<b>(0.03)</b>	(0.02)	-
Cumulative effect of changes in accounting	<b>(0.09)</b>	-	(0.15)
Net diluted earnings per Common Share	<b>\$ 3.35</b>	\$ 3.03	\$ 2.33
Weighted average number of shares outstanding:			
Basic	<b>434.4</b>	446.0	450.1
Diluted	<b>440.0</b>	453.3	459.6

Refer to Cardinal Health, Inc. 2004 Annual Report on Form 10-K for a complete set of financial statements.

# Consolidated Balance Sheets

(in millions)	June 30,	
	2004	2003 Restated
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 1,096.0	\$ 1,724.0
Trade receivables, net	3,432.7	2,784.4
Current portion of net investment in sales-type leases	202.1	171.8
Inventories	7,471.3	7,570.9
Prepaid expenses and other	795.4	776.0
Assets held for sale from discontinued operations	60.4	170.1
Total current assets	<u>13,057.9</u>	<u>13,197.2</u>
Property and equipment, at cost:		
Land, buildings and improvements	1,412.6	1,218.8
Machinery and equipment	2,734.3	2,401.4
Furniture and fixtures	153.2	135.1
Total	<u>4,300.1</u>	<u>3,755.3</u>
Accumulated depreciation and amortization	(1,936.1)	(1,665.8)
Property and equipment, net	<u>2,364.0</u>	<u>2,089.5</u>
Other assets:		
Net investment in sales-type leases, less current portion	546.0	557.3
Goodwill and other intangibles, net	4,938.8	2,332.3
Other	462.4	288.8
Total	<u>\$21,369.1</u>	<u>\$18,465.1</u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Notes payable and other short term borrowings	\$ 5.6	\$ -
Current portion of long-term obligations	855.0	228.7
Accounts payable	6,432.4	5,288.8
Other accrued liabilities	2,021.3	1,728.4
Liabilities from discontinued operations	55.1	64.3
Total current liabilities	<u>9,369.4</u>	<u>7,310.2</u>
Long-term obligations, less current portion	2,834.7	2,471.9
Deferred income taxes and other liabilities	1,188.7	1,008.5
Shareholders' equity:		
Preferred Stock, without par value		
Authorized - 0.5 million shares, Issued - none	-	-
Common Shares, without par value		
Authorized - 755.0 million shares, Issued - 473.1 million shares and 467.2 million shares at June 30, 2004 and 2003, respectively	2,653.8	2,403.7
Retained earnings	7,888.0	6,465.2
Common Shares in treasury, at cost, 42.2 million shares and 18.8 million shares at June 30, 2004 and 2003, respectively	(2,588.1)	(1,135.8)
Other comprehensive income / (loss)	28.9	(50.7)
Other	(6.3)	(7.9)
Total shareholders' equity	<u>7,976.3</u>	<u>7,674.5</u>
Total	<u>\$21,369.1</u>	<u>\$18,465.1</u>

Refer to the Cardinal Health, Inc. 2004 Annual Report on Form 10-K for a complete set of financial statements.

# Consolidated Statements of Cash Flow

(in millions)	Fiscal year ended June 30,		
	2004	2003 Restated	2002 Restated
<b>Cash flows from operating activities:</b>			
Earnings from continuing operations before cumulative effect of changes in accounting	\$1,524.7	\$1,381.2	\$1,140.8
Adjustments to reconcile earnings from continuing operations before the cumulative effect of changes in accounting to net cash from operations:			
Depreciation and amortization	299.2	265.8	243.5
Provision for deferred income taxes	105.1	215.2	239.7
Provision for bad debts	1.5	22.2	42.6
Change in operating assets and liabilities, net of effects from acquisitions:			
Decrease/(increase) in trade receivables	(457.1)	(413.7)	142.7
Decrease/(increase) in inventories	245.5	(217.9)	(1,065.9)
Decrease/(increase) in net investment in sales-type leases	(7.2)	107.8	71.2
Increase/(decrease) in accounts payable	1,014.6	(278.5)	178.6
Other accrued liabilities and operating items, net	(101.6)	315.9	(9.3)
Net cash provided by operating activities	2,624.7	1,398.0	983.9
<b>Cash flows from investing activities:</b>			
Acquisition of subsidiaries, net of cash acquired	(2,089.7)	(26.8)	(383.8)
Proceeds from sale of property and equipment	19.5	57.7	18.3
Additions to property and equipment	(410.2)	(423.2)	(285.4)
Proceeds from sale of discontinued operations	43.4	48.6	-
Net cash used in investing activities	(2,437.0)	(343.7)	(650.9)
<b>Cash flows from financing activities:</b>			
Net change in commercial paper and short-term debt	646.2	8.5	(9.7)
Reduction of long-term obligations	(464.3)	(191.0)	(19.6)
Proceeds from long-term obligations, net of issuance costs	338.0	509.4	362.3
Proceeds from issuance of Common Shares	216.7	197.3	140.0
Dividends on Common Shares	(52.3)	(44.8)	(45.0)
Purchase of treasury shares	(1,500.0)	(1,191.7)	(308.3)
Other	-	-	(4.8)
Net cash provided by/(used in) financing activities	(815.7)	(712.3)	114.9
<b>Net increase/(decrease) in cash and equivalents</b>	<b>(628.0)</b>	<b>342.0</b>	<b>447.9</b>
<b>Cash and equivalents at beginning of year</b>	<b>1,724.0</b>	<b>1,382.0</b>	<b>934.1</b>
<b>Cash and equivalents at end of year</b>	<b>\$1,096.0</b>	<b>\$1,724.0</b>	<b>\$1,382.0</b>

Refer to the Cardinal Health, Inc. 2004 Annual Report on Form 10-K for a complete set of financial statements

## Selected Consolidated Financial Data

(in millions, except per Common Share amounts)	Fiscal year ended June 30,		
	2004	2003 Restated	2002 Restated
<b>Earnings Statement Data:</b>			
Revenue	\$65,053.5	\$56,731.5	\$51,144.6
Gross margin	\$ 4,741.2	\$ 4,482.2	\$ 4,045.0
Selling, general and administrative expenses	2,346.5	2,246.3	2,071.0
Special items, net	57.4	39.9	116.6
Operating earnings <sup>3</sup>	\$ 2,337.3	\$ 2,196.0	\$ 1,857.4
Earnings from continuing operations before cumulative effect of changes in accounting <sup>3,4</sup>	\$ 1,524.7	\$ 1,381.2	\$ 1,140.8
Earnings from continuing operations per Common Share before cumulative effect of changes in accounting: <sup>1, 3, 4</sup>			
Basic	\$ 3.51	\$ 3.10	\$ 2.53
Diluted	\$ 3.47	\$ 3.05	\$ 2.48
Weighted average number of Common Shares outstanding:			
Basic	434.4	446.0	450.1
Diluted	440.0	453.3	459.6
<b>Balance Sheet Data:</b>			
Cash and equivalents	\$ 1,096.0	\$ 1,724.0	\$ 1,382.0
Trade receivables, net	\$ 3,432.7	\$ 2,784.4	\$ 2,301.5
Inventories	\$ 7,471.3	\$ 7,570.9	\$ 7,325.2
Property and equipment, net	\$ 2,364.0	\$ 2,089.5	\$ 1,894.4
Total assets	\$21,369.1	\$18,465.1	\$16,408.3
Short-term obligations	\$ 860.6	\$ 228.7	\$ 18.2
Accounts payable	\$ 6,432.4	\$ 5,288.8	\$ 5,502.2
Long-term obligations, less current portion	\$ 2,834.7	\$ 2,471.9	\$ 2,207.0
Shareholders' equity	\$ 7,976.3	\$ 7,674.5	\$ 6,351.7
Total liabilities and shareholders' equity	\$21,369.1	\$18,465.1	\$16,408.3
Cash dividends declared per Common Share <sup>1, 2</sup>	\$ 0.120	\$ 0.105	\$ 0.100

Refer to the Cardinal Health, Inc. 2004 Annual Report on Form 10-K for a complete set of financial statements.

<sup>1</sup>Earnings from continuing operations before cumulative effect of change in accounting and cash dividends declared per Common Share have been adjusted to retroactively reflect all stock dividends and stock splits through June 30, 2004.

<sup>2</sup>Cash dividends per common share exclude dividends paid by all entities with which the Company has merged.

<sup>3</sup>Amounts summarized above include special items, which represent merger-related costs and other special charges recorded in connection with various business combinations and facility rationalizations. The following information summarizes the results of operations of the Company, adjusted on a pro forma basis to reflect the elimination of the effect of special charges. For definitions of these Non-GAAP measurements please reference page 37 of this report for a reconciliation of these Non-GAAP measurements to their GAAP equivalents.

(\$ in millions, except per share amount)	Fiscal year ended June 30,		
	2004	2003	2002
Operating earnings	\$2,394.7	\$2,235.9	\$1,974.0
Earnings from continuing operations before cumulative effect of change in accounting	\$1,560.3	\$1,414.4	\$1,214.5
Earnings from continuing operations per Common Share before cumulative effect of change in accounting:			
Basic	\$ 3.59	\$ 3.17	\$ 2.69
Diluted	\$ 3.55	\$ 3.12	\$ 2.64

<sup>4</sup>Amounts summarized above exclude results from discontinued operations for the fiscal years ended June 30, 2004 and 2003.

## Financial Information

The following table reconciles all GAAP measures to their non-GAAP equivalent.

<i>(in millions, except per Common Share amounts)</i>	Fiscal year ended June 30,		
	2004	2003 Restated	2002 Restated
Operating earnings (GAAP Basis)	<b>\$2,337.3</b>	\$2,196.0	\$1,857.4
Special items	<b>57.4</b>	39.9	116.6
Operating earnings excluding special items	<b>\$2,394.7</b>	\$2,235.9	\$1,974.0
Earnings from continuing operations before cumulative effect of changes in accounting (GAAP Basis)	<b>\$1,524.7</b>	\$1,381.2	\$1,140.8
Special items (after tax)	<b>35.6</b>	33.2	73.7
Earnings from continuing operations before cumulative effect of changes in accounting, excluding special items	<b>\$1,560.3</b>	\$1,414.4	\$1,214.5
Earnings per Common Share from continuing operations before cumulative effect of changes in accounting:			
Basic (GAAP Basis)	<b>\$ 3.51</b>	\$ 3.10	\$ 2.53
Impact of special items	<b>0.08</b>	0.07	0.16
Basic (excluding special items)	<b>\$ 3.59</b>	\$ 3.17	\$ 2.69
Diluted (GAAP Basis)	<b>\$ 3.47</b>	\$ 3.05	\$ 2.48
Impact of special items	<b>0.08</b>	0.07	0.16
Diluted (excluding special items)	<b>\$ 3.55</b>	\$ 3.12	\$ 2.64
Return on equity			
Return on average shareholders' equity (GAAP Basis)	<b>20.3%</b>	20.3%	19.4%
Return on average shareholders' equity, excluding special items <sup>1</sup>	<b>20.7%</b>	20.7%	20.6%
Average shareholders' equity (5 quarter average)	<b>\$7,538.3</b>	\$6,822.0	\$5,904.7

<sup>1</sup>Return on average shareholders' equity, excluding special items = Earnings from continuing operations before cumulative effect of change in accounting + special items after tax/  
[average shareholders' equity excluding special items]

Free cash flow = Operating cash flow - net property activity - dividends

Net debt to total capital = Net debt/(net debt + shareholders' equity)

Note: Net debt = long-term obligations + short-term obligations + notes payable banks - cash

# Corporate and Investor Information

## Corporate office

Cardinal Health  
7000 Cardinal Place  
Dublin, Ohio 43017  
(614) 757-5000  
www.cardinal.com

## Common shares

Cardinal Health's common shares are listed on the New York Stock Exchange under the ticker symbol "CAH," and are a component of the Standard & Poor's 500 Index. As of June 30, 2004, Cardinal Health had approximately 19,700 shareholders of record.

## Annual meeting

The 2004 Annual Meeting of Shareholders will be held at 3:00 p.m. local time on Wednesday, December 8, 2004, at the Clarion Hotel, located at 600 Metro Place North in Dublin, Ohio. Shareholders are cordially invited to attend.

## Auditors

Ernst & Young LLP

## Financial information

Comprehensive financial and other information about Cardinal Health can be obtained by visiting Investor Relations at: [www.cardinal.com](http://www.cardinal.com).

Available information includes, but is not limited to, historical stock information, research analyst coverage, past and present financial statements, recent company presentations, corporate governance guidelines and board committee charters. This information—including Cardinal Health's Annual Report, Forms 10-K, 8-K, 10-Q and other published corporate literature—is also available without charge upon written request to the Investor Relations department at the corporate office, or by calling Investor Relations at (614) 757-5222.

For other inquiries, call (614) 757-5000 and ask to speak to someone in the Investor Relations department.

## Transfer agent and registrar

Shareholders with inquiries regarding address corrections, dividend payments, lost certificates or changes in registered ownership should contact the Cardinal Health stock transfer agent:

EquiServe  
P.O. Box 43023  
Providence, Rhode Island 02940-3023  
(877) 498-8861  
[www.equiserve.com](http://www.equiserve.com)

## Fiscal 2004 cash dividend data

Fiscal quarter	Record date	Payment date	Per common share amount
1st	October 1, 2003	October 15, 2003	\$0.030
2nd	January 1, 2004	January 15, 2004	\$0.030
3rd	April 1, 2004	April 15, 2004	\$0.030
4th	July 1, 2004	July 15, 2004	\$0.030

As adjusted for stock splits.

## Common share price history

	2004	Twelve months ended June 30,			
	2003	2002	2001	2000	
High	\$75.980	\$71.160	\$76.600	\$77.000	\$49.333
Low	\$54.750	\$49.080	\$60.800	\$45.271	\$24.792
Close	\$70.050	\$64.300	\$61.410	\$69.000	\$49.333

As adjusted for stock dividends and stock splits.

## Important notice regarding forward-looking statements

Except for historical information, all other information in this Annual Report consists of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. The most significant of these uncertainties are described in the Company's Form 10-K, Form 8-K and Form 10-Q reports (including all amendments to those reports) and exhibits to those reports, and include (but are not limited to) the costs, difficulties, and uncertainties related to the integration of acquired businesses, the loss of one or more key customer or supplier relationships or changes to the terms of those relationships, changes in the distribution patterns or reimbursement rates for health care products and/or services, the results, effects or timing of any inquiry or investigation by any regulatory authority or any legal and administrative proceedings, and general economic and market conditions. The Company undertakes no obligation to update or revise any forward-looking statements.

Alaris, Alaris Medley, Astound, Convertors, DelPouch, Esteem, Guardrails, GPEx, Leader, LogisticSource, Martindale, Medicap, Medi-Vac, PBDS, Pill Calendar, Presource, Procedure Based Delivery Systems, Pyxis, Pyxis HelpMate, Pyxis MedStation, Pyxis PatientStation, Pyxis SupplyStation, Pyxis Veri5, Rxe-Source, SafetySource, Secure-Gard, SmartService, Smartsite, Snowden-Pencer, SurgiCall, The Intercare Group, plc, The Medicine Shoppe, Tiburon, ValueLink, V. Mueller and Zydis are trademarks or service marks of Cardinal Health, Inc. or one of its subsidiaries.

© Copyright 2004 Cardinal Health, Inc. All rights reserved.

